

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

LAB-06 NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02

OMB-01 SS-20 NSC-10 L-03 SSO-00 NSCE-00 INRE-00 DRC-01

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E.O. 11652: N/A

TAGS: ETRD, BL

SUBJ: COTTON CONTRACTS

REF: LA PAZ 6653

1. DCM AND ECONOFF INVITED SUB-SECRETARY ZAMORANO TO LUNCH NOVEMBER 6 TO DISCUSS STATUS COTTON CONTRACT DISCUSSIONS. ZAMORANO STATED THAT ADOLFO APONTE, PRESIDENT OF ADEPA, ABELARDO SUAREZ AND MANUEL HURTADO,

BOTH ADEPA BOARD MEMBERS, ARE ARRIVING LA PAZ FROM SANTA CRUZ AT 7:00P.M. NOVEMBER 6. HE SAID GASSER AND ROMERO ARE STILL IN LIMA.

(THIS INFORMATION IS CONTRARY TO INFORMATION OBTAINED THROUGH BANK OF AMERICA TO EFFECT THAT GASSER AND ROMERO WOULD REPRESENT ADEPA IN LA PAZ DISCUSSIONS. SEE REFTEL). ZAMORANO STATED HE BELIEVED SETTLEMENT SHOULD BE AT US\$ 0.56 PER POUND, THE MINIMUM PRICE SET IN GOB DECREE, AND INDICATED THIS MIGHT BE POSITION TAKEN BY GOB IN MEETING ON NOVEMBER 7. (WE BELIEVE THIS COULD BE INITIAL NEGOTIATING POSITION FOR NOV 7 MEETING.)

DCM AND ECONOFF OBSERVED THAT SUCH POSITION DID NOT CORRESPOND BASIS FOR DISCUSSION ESTABLISHED IN MEETINGS BETWEEN AMBASSADOR AND MINISTERS OF AGRICULTURE AND INDUSTRY/ COMMERCE

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AND THAT MIGHT CAUSE COOK AND RALLI REPS TO LEAVE. ECONOFF ALSO

STATED THAT COOK REPS HAD CALCULATED THAT IF THEY FORGAVE PENALTY PROVISIONS FOR REDUCTION DELIVERED AMOUNTS FROM 45,000 BALES TO ABOUT 31,000 BALES (DUE TO PRODUCTION SHORTFALL) THEY CONCEDING AN AMOUNT WHICH TOGETHER WITH US\$ 0.35 PER POUND AVERAGE PRICE ON REMAINING COTTON TO BE DELIVERED WOULD BE GREATER THAN US\$ 0.56 PER POUND.

2. ZAMORANO CONTINUED QUESTION WHY USG INVOLVED IN MATTER INVOLVING PANAMANIAN FIRM AND NOT COOK. (WE CAN ONLY SURMISE AZAMORANO THINKS HE IS GIVING USG WAY TO DISASSOCIATE ITSELF FROM PROBLEM). HE COMPLAINED USG NOT TREATING BOLIVIA JUSTLY AND INDICATED GOB CANNOT BACK DOWN FROM ITS DECREE SETTING MINIMUM PRICE. LATER AMMENTED WE IN BLIND ALLEY. DCM AND ECONOFF SAID PANAMANIAN FIRM 100 PERCENT OWNED BY COOK AND COOK HAD EVIDENCE IT LEGALLY CONSTITUTED DO BUSINESS AND DISMISSED ARGUMENT AS NOT SERIOUS.

3. MINISTER OF AGRICULTURE IN PRIVATE CONVERSATION WITH ARAMA STATED PROBLEM IS BASICALLY POLITICAL NOW. SAID COTTON GROWERS ARE POWERFUL AND ARE TURNING PROBLEM INTO NATIONALISTIC ISSUE. HE ALSO INDICATED ADEPA AND GOB WILL INSIST ON US\$ 0.56 PER POUND PRICE IN MEETING ON NOVEMBER 7.

4. COMMENT: FINAL GOB/ADEPA POSITION AND STRATEGY WILL BE DISCUSSED TONIGHT (NOVEMBER 6).

STEDMAN

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